

Pappas, Van Ostern Outline Plan to Make Passenger Rail to Nashua & Manchester a Reality

Draft financing outline limits costs to less than \$5 million/year from state funds

CONCORD, NH – Today Executive Councilors Colin Van Ostern and Chris Pappas outlined a path forward for bringing passenger rail from Boston to Nashua & Manchester, along with a draft financing option that would make commuter rail a reality for less than \$5 million/year state funds.

The two discussed the outline on a conference call with Congresswoman Ann Kuster, who convened a New England Regional Passenger Rail Summit in Nashua last month, as well as business leaders and lawmakers from Manchester & Nashua.

“Today we’re laying out a proposal for how we can make passenger rail a reality from Boston to Nashua and Manchester because it will boost our state economy, strengthen our workforce and unlock job growth,” said Van Ostern.

“It’s time to create a multimodal transportation future for our state that includes rail. A stronger economy is good for all New Hampshire citizens, and even those who will never set foot on a train will enjoy having less traffic on I-93 and Rt 3 every day,” said Pappas

“Passenger rail holds tremendous potential for the New Hampshire economy, and I am committed to partnering with Chris Pappas, Colin Van Ostern, and other state leaders to ensure that any passenger rail plan brings our New Hampshire tax dollars back from Washington, DC and puts them to use in our state,” said Congresswoman Ann Kuster.

The rail proposal builds on the December 2014 Capitol Corridor Rail & Transit Study by focusing on the potential route which would reach maximum job growth per dollar of

invested capital, and it adds a draft financing plan to make the route construction and operation a reality.

“A few years ago, New Hampshire expanded our Research & Development tax credit to \$2 million/year, and our businesses and employers have benefited from that investment. Smart, responsible investments in business growth like the R&D tax credit and passenger rail can accelerate our economic growth and create thousands of good paying jobs in our state,” said Van Ostern.

According to the plan built on the findings of the December 2014 Capitol Corridor Rail & Transit Study, New Hampshire would build regional commuter rail with:

- Two stops in Nashua, one at the Manchester airport, and one in Manchester’s downtown millyard area which houses numerous growing technology companies
- Less than 1 hour travel from Nashua to Boston; 1:20 from Boston to MHT airport and 1:30 from Boston to downtown Manchester
- 16 trains daily to Manchester and 34 daily to Nashua
- Projected weekday ridership of 3,120 riders
- Projected 1.9mm square feet of commercial real estate development around stations
- Projected 5,600 permanent jobs from economic development boost
- Expanded opportunity to for freight rail (and additional economic growth) due to improved rail service
- Allow for concurrent intercity passenger rail service to Concord via Amtrak once commuter rail to Nashua & Manchester is restored

According to the draft financing plan outlined here, financing would:

- Allow private development of the four multimodal rail stations; smaller but consistent with the look, feel, and commercial opportunities of the recently rebuild Hooksett I-93 Welcome Centers, which were constructed with no state funds
- Partner with the MBTA & other partners to help cover costs of layover yards, trackage rights, and trains
- Maximize contributions for the project from existing federal grants, funding roughly 50% of remaining capital costs
- Allow the direct economic development benefits of rail to be used to pay a portion of the project costs – through either a new Tax Increment Finance (TIF) district or allow direct municipal contributions from Nashua or Manchester, as an alternative up to local officials. Under a TIF, while no new taxes will be passed or assessed, any increase in total taxes collected due directly to rising property values or business growth within ½ mile of the rail tracks and stations would be used to fund the project; with a cap of several million/year. Details will require input by both municipal and legislative leaders.
- Authorize parking at rail stations, free in the first year of the project and then charging \$6/day and netting ~\$1mm/year in revenue
- Include a 35% contingency buffer, leaving ample room for potential unanticipated costs

Additionally, an active legislative study committee chaired by Senator Bette Lasky will report results by early January, 2016, and provide additional opportunities for supplementing financing as outlined above.

“We can make passenger rail a reality by the end of 2020 if we start right away, and we can do it in a smart, fiscally-responsible way that leverages a modest investment of state tax dollars to unlock significant financial support from private business, our partners next door in Massachusetts, and the federal taxes we’ve already sent to Washington and deserve to bring back to New Hampshire,” said Van Ostern.

“Today’s draft plan is not the end of the discussion – I look forward to working with lawmakers who are hard at work right now developing additional public-private partnerships and financing options,” said Pappas. “Together, we’ll make passenger rail from Boston to central New Hampshire a reality.”

Shortly after being elected to the Executive Council in 2012, Councilors Van Ostern and Pappas voted to authorize the Capitol Corridor Rail & Transit Study, which concluded in December of 2014 and provided much of the data reflected in this proposal. (Cap Corridor summary: <http://www.nh.gov/dot/org/aerorailtransit/railandtransit/documents/fr-summary.pdf>)

~see below for draft financing outline ~

CAPITOL CORRIDOR – MANCHESTER REGIONAL COMMUTER RAIL

DRAFT FINANCING OUTLINE

Below is a draft financing outline designed to initiate discussions with lawmakers, businesses, and municipal leaders about how we can make passenger rail a reality. Financing tools in addition to those listed below are still available for discussions & consideration, and details will be refined as additional data is collected.

ANNUAL OPERATING & DEBT SERVICE COSTS (SOURCES & USES OF FUNDS)

\$6 mm – Debt Service Payments (20 yr bond)

\$1 mm – Net operating costs (after ticket revenue)

- \$1 mm – parking revenue (\$6/day, waived in year 1)

- \$1-3 mm – new TIF district revenue (capped, depending on further financial study & tax revenue data); or municipal direct contribution as an available alternative, based on local decision.

- \$3-4 mm – state general fund revenue

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The annual “debt service payments” above are the annual cost of borrowing for \$72mm in state-funded capital costs. The full capital costs are below, with sources & uses of funds:

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CAPITAL COSTS (SOURCES & USES OF FUNDS)

\$20.8 mm – Stations (SOURCE: Private development)

\$12.4 mm – Layover yards (SOURCE: MBTA)

\$33.2 mm – Rolling Stock (SOURCE: MBTA)

\$18.0 mm – Trackage Rights (SOURCE: MBTA)

\$149.45 mm -- various construction costs (SOURCE: ~\$78mm federal grants; \$72 mm NH capital costs)

\$69.2 mm - Railway & Signal Improvements

\$10.7 mm - Bridges

\$24.9 mm – Construction allowances & Railroad support staff

\$5.9 mm – Land (including assemblage)

\$38.7 mm – Contingency (35%)

TOTAL NH CAPITOL COSTS = \$72mm

Bonded for 20 years = \$6mm annual debt service, which is included in the annual costs above